

HOHOKAM

The Power of Choice

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November 4, 2002

Mr. J. Tyler Carlson, Regional Manager
Western Area Power Administration
Desert Southwest Region
P.O. Box 6457
Phoenix, Arizona 85005-6457

Re: Parker-Davis Reallocation

Dear Mr. Carlson:

We previously submitted a letter to Ms. Jean Gray regarding the Western Area Power Administration's post 2008 reallocation of the Parker-Davis resources. After further discussion and consideration, our position regarding the implementation of the PMI and EPAM and the proposed 6% withdrawal pool has changed.

The Hohokam Irrigation & Drainage District is a retail distribution utility and a political subdivision of the State of Arizona formed and operating in Pinal County since 1972. Although we do not currently possess a Federal power contract and we are therefore precluded from participating in the benefits of the Federal Power Program at present, we believe the District is clearly qualified to become a preference power customer under the Western Area Power Administration marketing guidelines. Although we currently serve customers within the boundaries of Electrical District Number Two, we are not allowed by law to participate in the benefits of Federal power allocated to that entity.

In the interest of equity, we support the reallocation of the Parker-Davis resources in a manner, which allows for the renewal of existing contracts with small and intermediate sized preference utilities, including Cooperatives, but also allows for new, qualified utility customers. We cannot support a reallocation, which would destroy the economic viability of any existing Parker-Davis customer.

With this in mind, we would urge you to abandon any proposed 6% withdrawal pool concept, since this approach would seriously injure the small Parker-Davis utilities and would not produce enough resources to equitably meet the needs of new, qualified customers. Instead, we would propose that you consider creating a 15 megawatt pool through the withdrawal of a portion of those current contracts in excess of 40 megawatts and which benefit a single utility. This would justifiably exclude the Arizona Electric Power Cooperative, which simply holding an allocation for the benefit of its individual utility members, as was recognized in the reallocation of 7 megawatts to Navopache Electric in the Plains/Tri-State CRSP redistribution.

HOHOKAM IRRIGATION & DRAINAGE DISTRICT

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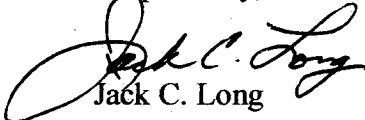
Although it is never desirable to reduce existing benefits, the available resources are obviously limited and we believe, Federal benefits should be shared by as many qualified customers as possible. We do not believe the withdrawal described above would seriously impair anyone but could benefit many others over the twenty-year period following 2008.

In addition to the 15 megawatts previously described, we have been advised that two other possible sources of Parker-Davis resources may exist and be available for reallocation. The first of these is an additional 15 megawatts that, we are told, was originally allocated to a California utility and which was to be returned to Western for reallocation upon completion of the Pilot Knob generation plant. We understand that this 15 megawatts have never been returned as was prescribed and, if this is indeed the case, perhaps the post 2008 reallocation is the time for this to happen. The second possible source of additional resources is where Parker-Davis power is being remarketed in violation of Federal Preference Power guidelines. Although we have no first-hand knowledge of this, we have been advised that a Nevada utility may be remarketing Parker-Davis resources to non-preference customers on a wholesale basis and we believe such activities are prohibited under the Federal Power Program.

In summary, we believe that the Western Area Power Administration should not simply withdraw 6% of the Parker-Davis resource from all existing contracts but rather, conduct a more in-depth reallocation as described herein. Further, any allocations, which were planned to be temporary and intended to be returned for redistribution by Western and, which have not occurred, should now occur and finally, any Parker-Davis resources which are not being remarketed in accordance with the Federal Power Program laws and regulations should be returned to and reallocated by Western.

We would herewith advise you that the Hohokam Irrigation & Drainage District is seeking a Parker-Davis allocation of approximately 2 megawatts and we will provide you with the necessary documentation at the appropriate time.

Respectfully,


Jack C. Long
Manager